

Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 04288 01 OF 02 261913Z

72

ACTION EUR-25

INFO OCT-01 ADP-00 INT-08 SCEM-02 OEP-01 AID-20 CEA-02

CIAE-00 COME-00 EB-11 EA-11 FRB-02 INR-10 IO-13

NEA-10 NSAE-00 RSC-01 OPIC-12 TRSE-00 CIEP-02 LAB-06

SIL-01 OMB-01 SCI-06 CEQ-02 EPA-04 DODE-00 PM-07 H-03

L-03 NSC-10 PA-03 PRS-01 SS-15 USIA-15 TAR-02 RSR-01

/211 W

----- 064566

R 261720Z JUL 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5584

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 1 OF 2 EC BRUSSELS 4288

E.O. 11652: N/A

TAGS: ENRG EEC

SUBJECT: ENERGY: THE COMMISSION'S PROPOSALS ON THE EC
INTERNAL PETROLEUM MARKET AND OTHER SUBJECTS

REF: A. EC BRUSSELS 2504 (NOTAL) B. EC BRUSSELS 4071 (NOTAL)

C. STATE 133638 (NOTAL) D. VIENNA 6120 (NOTAL)

1. SUMMARY. THE EC COMMISSION HAS FORWARDED TO THE COUNCIL ITS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 04288 01 OF 02 261913Z

PROPOSALS ON PETROLEUM SUBJECTS. WE HAVE HAD FURTHER DISCUSSIONS

WITH COMMISSION OFFICIALS REGARDING THESE PROPOSALS, BUT
THE TEXTS WILL NO BE AVAILABLE TO US UNTIL NEXT WEEK.
END SUMMARY.

2. THE COMMISSION OF THE EUROPEAN COMMUNITIES MET ON JULY 25 TO
CONSIDER A NUMBER OF SUBJECTS, INCLUDING THREE PROPOSALS PREPARED
UNDER VICE PRESIDENT SIMONET'S DIRECTION ON SEVERAL ASPECTS OF
THE COMMUNITY'S POLICY CONCERNING PETROLEUM SUPPLIES (REF B).
BECAUSE THIS WAS ITS FINAL MEETING PRIOR TO THE SUMMER
HOLIDAYS, THE COMMISSION FOUND IT NECESSARY TO EXTEND ITS
DELIBERATIONS OVER A PERIOD OF TWO DAYS AND DID NOT CONCLUDE
ITS WORK ON SIMONET'S PROPOSALS UNTIL THE AFTERNOON OF JULY 26.
WE HAVE BEEN PROMISED A COPY OF THE PROPOSALS WHICH WE WILL
FORWARD BY AIRGRAM. THE FOLLOWING PARAGRAPHS REPORT SOME FURTHER
DETAILS OF THE PROPOSALS, BASED ON DISCUSSIONS WITH GEORGES
BRONDEL, THE COMMISSION'S DIRECTOR FOR HYDROCARBONS.

3. EC RELATIONS WITH OTHER IMPORTING COUNTRIES. SIMONET'S
PROPOSAL HAS THREE MAIN POINTS: FIRST, THE COMMISSION INTENDS
TO MAINTAIN REGULAR CONTACTS WITH OTHER IMPORTING COUNTRIES
(ESPECIALLY THE UNITED STATES AND JAPAN) FOR THE PURPOSE OF
EXCHANGING VIEWS AND DISCUSSING FUTURE PLANS REGARDING OIL
IMPORTS. SECOND, THE COMMISSION EMPHASIZES THE IMPORTANCE OF
CONTINUING THE WORK BEING PERFORMED AT THE OECD. SPECIFICALLY,
THE NECESSITY OF AVOIDING OVERBIDDING FOR CRUDE OIL IS A
SUBJECT WHICH MUST BE DISCUSSED IN OECD. THE PAPER NOTES THE
RECENT ESTABLISHMENT OF THE APPORTIONMENT WORKING PARTY OF
THE HIGH LEVEL GROUP AND STATES THAT THE NINE MUST PUT FORWARD
POSITIVE CONTRIBUTIONS TO THE WORK OF THIS WORKING PARTY (SEE
REF C). THE PAPER ALSO EMPHASIZES THAT THE NINE MUST CONTINUE
TO HARMONIZE THEIR VIEWS ON OIL IMPORT PROBLEMS AND SPEAK
IN OECD WITH ONE VOICE. THIRD, THE PAPER EXPRESSES COMMISSION
SUPPORT FOR INTERNATIONAL COOPERATION ON ENERGY RESEARCH AND
DEVELOPMENT; HOWEVER, NO SPECIFIC PROPOSALS ARE PUT
FORWARD IN THIS PAPER.

4. EC RELATIONS WITH EXPORTING COUNTRIES. THE PAPER HIGHLIGHTS
TWO POINTS IN THIS AREA: FIRST, THERE MUST BE CONTINUOUS CON-
SULTATION AMONG THE NINE REGARDING MEMBER STATE RELATIONS WITH
OIL-EXPORTING GOVERNMENTS. SECOND, THE PAPER PROPOSES THAT THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 EC BRU 04288 01 OF 02 261913Z

COUNCIL AUTHORIZE THE COMMISSION TO HAVE CONVERSATIONS WITH THE
GOVERNMENTS OF SOME OIL-EXPORTING COUNTRIES FOR "EXPLORATORY
CONTACTS REGARDING THE DEVELOPING OF COOPERATION WITH THE
COMMUNITY." IF THESE EXPLORATORY CONTACTS ARE SUCCESSFUL, THE
COMMISSION WOULD REQUEST AUTHORITY FROM THE COUNCIL TO ENTER
INTO NEGOTIATIONS WITH PRODUCING STATE GOVERNMENTS FOR THE
ESTABLISHMENT OF COOPERATIVE PROJECTS.

5. COMMENT: AS REPORTED IN REF B, THE MISSION WAS SKEPTICAL WHEN IT FIRST HEARD A REPORT OF THIS PROPOSAL FROM TEXACO. IT NOW APPEARS CONFIRMED, HOWEVER, THAT THE COMMISSION IS, IN FACT, PROPOSING THIS KIND OF CONTACT. WHEN QUESTIONED ON THIS SUBJECT, BRONDEL STATED THIS WAS NOT ENTIRELY A NEW IDEA, BUT HAD BEEN MENTIONED IN THE COMMISSION'S APRIL PAPER. (SEE PARAGRAPH 10 OF EC BRUSSELS 2504.) HE ALSO SAID THIS WOULD NOT INCLUDE ANY KIND OF PREFERENTIAL AGREEMENT BETWEEN THE EC AND THE PRODUCER GOVERNMENTS, EXCEPT WHERE PREFERENTIAL ARRANGEMENTS MIGHT BE NEGOTIATED IN THE CONTEXT OF THE COMMUNITY'S MEDITERRANEAN POLICY. BRONDEL ALSO SAID THESE KINDS OF NEGOTIATIONS WOULD IN NO WAY RESULT IN A DISPLACEMENT OF INTERNATIONAL OIL COMPANIES BY THE COMMISSION IN NEGOTIATIONS WITH OIL-PRODUCING GOVERNMENTS; ANY COOPERATIVE AGREEMENTS WHICH MIGHT BE REACHED BETWEEN THE COMMUNITY AND THE OIL-PRODUCING COUNTRIES WOULD PROVIDE AN OVERALL FRAMEWORK FOR THE RELATIONS BETWEEN THE COMPANIES AND THE OIL-PRODUCING STATES. CLOSE EXAMINATION OF WHAT THE COMMISSION'S FINAL PAPER STATES ON THIS POINT WILL OBVIOUSLY BE NECESSARY. END COMMENT.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 EC BRU 04288 02 OF 02 261917Z

72

ACTION EUR-25

INFO OCT-01 ADP-00 INT-08 SCEM-02 OEP-01 AID-20 CEA-02

CIAE-00 COME-00 EB-11 EA-11 FRB-02 INR-10 IO-13

NEA-10 NSAE-00 RSC-01 OPIC-12 TRSE-00 CIEP-02 LAB-06

SIL-01 OMB-01 SCI-06 CEQ-02 EPA-04 DODE-00 PM-07 H-03

L-03 NSC-10 PA-03 PRS-01 SS-15 USIA-15 TAR-02 RSR-01

/211 W

----- 064607

R 261720Z JUL 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5585

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
AMEMBASSY VIENNA
USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 2 OF 2 EC BRUSSELS 4288

6. ORGANIZATION OF THE EC INTERNAL MARKET. THE SIMONET PROPOSAL HERE CONTAINS THREE HIGHLIGHTS: FIRST, IT SUGGESTS EXTENDING THE COMMUNITY'S REGULATIONS ON THE IMPORTS OF CRUDE OIL TO COVER ALSO IMPORTS OF REFINED PRODUCTS, IN ORDER TO TAKE ACCOUNT OF THE LIKELY INCREASE IN REFINING CAPACITY IN THE EXPORTING COUNTRIES. SECOND, THE IMPORT REGULATIONS SHOULD ALSO BE EXTENDED TO COVER EXPORTS OF CRUDE AND REFINED PRODUCTS. IN THIS CONNECTION, BRONDEL BELIEVES THAT THE MOST EFFICIENT WAY OF CONTROLLING EXPORTS WOULD BE A LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 04288 02 OF 02 261917Z

SYSTEM OF NATIONAL AUTOMATIC EXPORT LICENSES.

7. THE THIRD PORTION OF SIMONET'S PROPOSAL ON THE COMMUNITY MARKET ORGANIZATION REFERS TO WHAT IS CALLED "THE DIALOGUE WITH INDUSTRY." TO CARRY OUT THIS DIALOGUE, SIMONET PROPOSES THAT A SPECIAL COMMITTEE BE ESTABLISHED (AS REPORTED IN REF B). THIS COMMITTEE WOULD BE COMPOSED OF REPRESENTATIVES FROM EACH MEMBER STATE AND WOULD BE CHAIRED BY THE COMMISSION AND WOULD BE RESPONSIBLE FOR THE COMMUNITY'S POLICIES ON OIL SUPPLIES. IT WOULD CARRY OUT ITS DUTIES IN TWO WAYS: IT WOULD HOLD CONSULTATIONS AMONG MEMBER STATES ON OIL SUPPLIES AND IT WOULD ORGANIZE HEARINGS WITH OIL COMPANIES. THESE HEARINGS WOULD BE HELD SEPARATELY WITH INDIVIDUAL COMPANIES. (THIS SHOULD RELIEVE TEXACO FEARS OF JOINT APPEARANCES - SEE REF B.) THE COMMITTEE WOULD DISCUSS WITH THE OIL COMPANIES THE FOLLOWING SUBJECTS: IMPORTS, EXPORTS, INVESTMENT PLANS, PRICES, OIL SUPPLIES, THE GEOGRAPHIC DISTRIBUTION OF SOURCES OF OIL SUPPLIES, COMPANY NEGOTIATIONS WITH EXPORTING COUNTRIES, AND COMPANY OPERATIONS IN MEMBER STATES. BRONDEL SAID THAT THESE PROPOSALS HAVE NOT YET BEEN DISCUSSED WITH OIL COMPANY REPRESENTATIVES ALTHOUGH HE IS SURE THEY ARE AWARE OF THE GENERAL NATURE OF THE COMMISSION'S PROPOSALS.

8. THE REPORT OF A POSSIBLE MOVE BY OPEC FROM VIENNA (REF D) WAS ALSO DISCUSSED BRIEFLY WITH BRONDEL. HE SAID HE WAS AWARE OF SOME DISSATISFACTION WITH VIENNA BUT EXPRESSED CONSIDERABLE SURPRISE THAT BRUSSELS MIGHT BE UNDER CONSIDERATION AS A POSSIBLE NEW LOCATION. GREENWALD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ECBRU04288
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730710/aaaaagwk.tel
Line Count: 222
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 A. EC BRUSSELS 2504 (NOTAL) B. EC
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 06 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Sep-2001 by smithrj>; APPROVED <05-Nov-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY: THE COMMISSION'S PROPOSALS ON THE EC INTERNAL PETROLEUM MARKET AND OTHER SUBJECTS
TAGS: ENRG, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005